Maximum Credit Line

Here you can find relevant information on the topic 'Maximum Credit Line in the context of ECMS'.

Introduction

The Eurosystem Collateral Management System (ECMS) keeps track of the individual collateral and credit positions of the national central banks' counterparties. In ECMS, a counterparty pool provides a comprehensive overview of the current collateral position, credit position and credit line of the counterparty. ECMS calculates the amount of credit available to each counterparty and sends this information to T2's Central Liquidity Management tool (CLM).

Counterparty Pool

Collateral position:	Credit position:
■ Marketable assets ■ Credit claims ■ Cash as collateral ■ Fixed-term deposits* ■ Triparty collateral ■ Externally managed collateral	■ Open market operations ■ Marginal Lending ■ Credit Freezing
	■ Credit Line

* When activated for use as collateral

What's new?

With the introduction of ECMS, counterparties may define a **maximum credit line** value, to avoid all free collateral being (automatically) available for intraday credit. If a maximum credit line has been set, any increase in the suggested credit line (the credit line based on the available collateral) over the maximum will not be used to increase the credit line in CLM. This collateral remains available in ECMS for other purposes.

Credit Line Management & Maximum Credit Line (MaCL) in ECMS

Access to intraday credit in CLM is provided only against adequate collateral. The ECMS is responsible for providing CLM with the value of the credit line in CLM, based on the free, i.e. not used for other credit operations, collateral available in the pool. Only one pool per counterparty can be used to collateralise Eurosystem credit operations, including the credit line.

The ECMS implements a **'floating credit line'** approach. This means that when the suggested credit line in the ECMS increases, this increase can be automatically repurposed to increase the credit line in CLM. However, a counterparty wishing to do so may limit this automatic increase by **configuring a maximum credit line** in the ECMS. This Maximum Credit Line is a cap for the maximum value of the Credit Line to be sent to the CLM. National Central Banks (NCBs) can also set a maximum credit line value in the pool of the counterparty. If the value of the maximum credit line defined by the NCB is lower than that defined by the counterparty, the ECMS takes the value defined by the NCB.

Where to find more information?

Relevant information can be found on the DNB dedicated ECMS website and on the ECB dedicated ECMS website.

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